

04-148

Amendment No. 1

To

USAID Special Objective Grant Agreement No. 278-011

BETWEEN THE  
UNITED STATES OF AMERICA  
AND

THE HASHEMITE KINGDOM OF JORDAN

FOR THE  
CASH TRANSFER  
SPECIAL OBJECTIVE

DATED: JUN 22 2004

Certified conformed copy of  
agreement signed on June 22, 2004

APPN:  
BPC:  
RCN:

FUNDS AVAILABLE FOR	
ADM. RES. <input type="checkbox"/>	OBLIGATION <input checked="" type="checkbox"/>
EM. RES. / EM. <input type="checkbox"/>	COMM. RES. / COMM. <input type="checkbox"/>
ACTION TAKEN BY <i>18</i> DATE <i>6/22/04</i>	
APPROPRIATION: <i>724/51032</i>	
BPC: <i>1754-04-23278-FG31</i>	
RCN/ECN: <i>A040106</i>	

*Brooke Isham*

Brooke Isham  
Director, Office of Program Management

**AMENDMENT No. 1**  
**TO**  
**SPECIAL OBJECTIVE GRANT AGREEMENT**

BETWEEN The Hashemite Kingdom of Jordan (Grantee or GOJ), acting through the Ministry of Planning and International Cooperation, and the United States of America, acting through the United States Agency for International Development (USAID).

WHEREAS, on March 23, 2004, the Grantee and USAID (Parties) entered into a Grant Agreement for the Cash Transfer Special Objective (Agreement) whereby USAID granted to the Grantee one hundred and thirty eight million five hundred and twenty five thousand United States ("U.S.") Dollars (\$138,525,000) to finance foreign exchange and local currency costs of achieving the Special Objective; and

WHEREAS, the Parties now wish to amend the Agreement to, among other things, provide additional USAID grant funding of one hundred Million U.S. Dollars (U.S.\$100,000,000) to finance foreign exchange and local currency costs of achieving the Strategic Objective;

NOW THEREFORE, the Parties hereby agree to further amend the Agreement as follows:

1. Article 3: Contributions of the Parties, Section 3.1. USAID Contribution, Subsection (a) The Grant, is amended by deleting the amount of "one Hundred and thirty eight million five hundred and twenty five thousand United States ("U.S.") Dollars (\$138,525,000)" and replacing it with "two hundred and thirty eight million five hundred and twenty five thousand United States ("U.S.") Dollars (\$238,525,000)."

2. Article 5: Conditions Precedent to Disbursement is hereby deleted and replaced with a new Article 5 as follows:

**"Article 5: Conditions Precedent to Disbursement**

**Section 5.2. FY 2004 Cash Transfer, General Conditions Precedent**

Prior to disbursement of the cash transfer of one hundred million United States Dollars envisaged under Amendment No. 1 of this Agreement (hereinafter

referred to as "cash transfer"), or prior to the issuance by USAID of documentation pursuant to which such disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to USAID, in form and substance satisfactory to USAID:

(a) Evidence that the Grantee has established the Separate Dollar Account described in Article 8 of this Agreement, together with the Grantee's certification that such bank account has been established and will be maintained as required by this Agreement and/or subsequent Implementation Letters ("ILs"); and

(b) Evidence that the Grantee has established the Local Currency Account described in Article 9 of this Agreement, together with the Grantee's certification that such account has been established and will be maintained as required by this Agreement and/or subsequent Implementation letters.

**Section 5.3. FY 2004 Cash Transfer, Policy Reform  
Conditions Precedent**

Prior to the disbursement of the cash transfer, or prior to the issuance by USAID of documentation pursuant to which such disbursement will be made, the Grantee shall, except as the Parties may otherwise agree in writing, meet the following policy reform and related Conditions Precedent and furnish to USAID, in form and substance satisfactory to USAID, evidence of the following actions:

5.3.1. The Department of Statistics (DOS) has begun a Poverty Assessment Survey--to be done on an annual basis starting in 2004--and includes updated GIS poverty maps.

5.3.2. The Government of Jordan becomes WTO compliant by:

(a) Acceding to the Patent Cooperation Treaty and the Madrid Agreement on International Registration of Marks by end of 2004;

(b) Approving amendments to the Copyright Law consistent with relevant FTA obligations.

5.3.3. The Government of Jordan begins the process for promoting foreign indirect investment through a joint committee comprising of Jordan Securities Commission, Amman Stock Exchange, Securities Depository Center, industry and other relevant Government of Jordan authorities.

5.3.4. The Government of Jordan provides comprehensive exemptions for all not-for-profit sustainable microfinance institutions to mirror the exclusions granted for the National Bank for Financing Small Projects in a law passed June 16, 2003.

5.3.5. The Aqaba Development Corporation (formally established on January 1, 2004), completes a staffing plan, organization chart and begins work on a long-term strategy for the development of the Zone's assets.

5.3.6. The Government of Jordan rationalizes customs operations in the vicinity of the Aqaba Special Economic Zone, reducing duplication/overlap and other problems stemming from the existence of two separate customs organizations, and from the inconsistent application of rules and policies by the same.

5.3.7. The Ministry of Finance begins conducting a comprehensive tax reform study that examines current tax policy, tax administration, tax enforcement, and the revenue effects of changes to the tax system, including the taxation of petroleum products.

5.3.8. The Government of Jordan passes a budget law for the year 2004 that is consistent with its IMF commitments, and provides the first quarter 2004 figures detailing that the implementation of the 2004 budget is in accordance with the IMF program.

5.3.9. The Government of Jordan selects a contractor (Jordanian or international) to manage the container port facility at the Port of Aqaba

5.3.10 The Government of Jordan initiates the privatization process (Restructuring and privatization) of the Jordan Phosphate Mining Company.

5.3.11 Ground Water Monitoring and Enforcement Unit at the Ministry of Water and Irrigation/Water Authority of Jordan (MWI/WAJ), reorganized and strengthened.

5.3.12. MWI fully staffs its Demand Management Unit (DMU) in order to effectively handle demand management aspects of Jordan's water resources. At a minimum, the unit will have a Director, engineer and a clerk.

#### **Section 5.4. Notification**

USAID will promptly notify the Grantee when USAID has determined that a condition precedent has been met.

#### **Section 5.5. Terminal Date for Conditions Precedent**

If all the conditions specified in Sections 5.2 and 5.3 of this Agreement have not been met within ninety days from the date of the execution of Amendment No. 1 to this Agreement, or such later date as USAID may agree to in writing, USAID, at its option, may terminate this Agreement by written notice to the Grantee."

3. Article 9: General Terms and Conditions Relating to the Local Currency Account associated with the Cash Transfer, Section 9.2, Deposit into the Local Currency Account is hereby deleted and replaced with a new Section 9.2 as follows:

"For the cash transfer under Amendment No. 1, the Local Currency equivalent of the total value of the cash transfer will be deposited into the Local Currency Account in four installments as described below or as the Parties may otherwise agree in writing through an exchange of ILs. Four equal installments, each in the amount of the Jordanian Dinar equivalent of U.S. Dollar 25,000,000, will be made within 15 working days after the beginning of following months in calendar year 2004: July 1, 2004; August 1, 2004; September 1, 2004; and October 1, 2004, calculated at the highest legally obtainable rate of exchange as determined by the Central Bank of Jordan, which, as of the date of deposit, is not unlawful in Jordan."

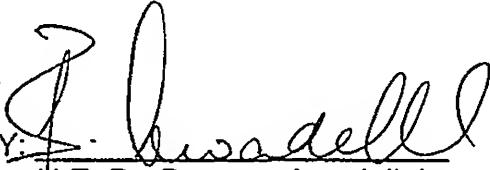
4. Attachment No. 1 to Annex 1 to the Agreement is deleted and hereby replaced in its entirety with the revised Attachment No. 1 to Annex 1 attached hereto.

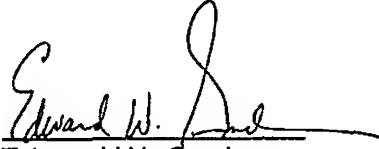
5. Except as amended herein, the Agreement, remains in full force and effect.

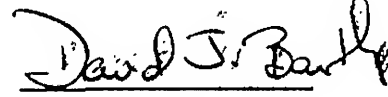
IN WITNESS WHEREOF, the Parties, each acting through their duly authorized representative(s), have caused this Amendment to be signed in their names and delivered as of the day and year first above written.

THE HASHEMITE KINGDOM OF JORDAN

THE UNITED STATES OF AMERICA

BY:   
H.E. Dr. Bassem Awadallah  
Minister of Planning and International  
Cooperation

BY:   
Edward W. Gnehm  
U.S. Ambassador

BY:   
David Barth  
Acting Mission Director

ILLUSTRATIVE SPECIAL OBJECTIVE BUDGET

Amendment No. 1

SO: Special Objective-Cash Transfer

INTERMEDIATE RESULT	PROGRAM FUNDING			
	PREVIOUS OBLIGATIONS	THIS AMENDMENT	TOTAL	LIFE OF SpO TOTAL
1. Improved Environment for Sustained Policy Reform	138,000,000	100,000,000	238,000,000	439,475,000
2. Increased Technical Capacity to Implement Policy Reform	525,000		525,000	525,000
TOTAL	138,525,000	100,000,000	238,525,000	440,000,000